

GUIDE TO W-2 WAGE & TAX STATEMENT

ATTENTION EMPLOYEES: In response to your numerous questions concerning the derivation of the various items in the boxes on your W-2 form, we have prepared this guide.

Department of the Treasury-Internal Revenue Service

d Control Number 4846	1 Wages, tips, other compensation 0.01	2 Federal income tax withheld 0.01
OMB No. 1545-0048	3 Social security wages 0.00	4 Social security tax withheld 0.00
	5 Medicare wages and tips 0.00	6 Medicare tax withheld 0.00
c Employer's name, address and ZIP code TOWN OF READING 16 LOWELL STREET READING, MA 01867		
7 Social security tips	8 Allocated tips	9
10 Dependent care benefits	11 Nonqualified plans	12a See instructions for box 12 DD 12345.67
12b	12c	12d
b Employer's identification number (EIN) 04-6001277		a Employee's social security number 999-99-9999
13 Statutory employee	Retirement plan	Third-party sick pay
14 Other		
e Employee's name, address and ZIP code SALLY SMITH 123 MAIN ST READING, MA 01867		Suff. This information is being furnished to the Internal Revenue Service. If you are required to file a tax return, a negligence penalty or other sanction may be imposed on you if this income is taxable and you fail to report it.
<div style="font-size: 2em; font-weight: bold; margin-bottom: 5px;">2012</div> <div style="font-size: 1.5em; font-weight: bold; margin-bottom: 5px;">W-2</div> <div style="font-size: 0.8em;">Wage and Tax Statement</div> <div style="font-size: 0.8em;">Copy C - For EMPLOYEE'S RECORDS</div> <div style="font-size: 0.7em;">(See Notice to Employee on the back of Copy B.)</div>	15 State Employer's state ID No.	16 State wages, tips, etc.
	17 State income tax	18 Local wages, tips, etc.
	19 Local income tax	20 Locality name

NOTES

BOX # 1: Total to be reported on Federal Tax return. It is your gross wages minus Cafeteria Plan, T.S.A., I.C.M.A. and Retirement. (See glossary)

BOX # 5: Wages, subject to Medicare tax, minus Cafeteria Plan.

BOX # 12: Codes:

E - T.S.A. contributions (403b)

G - I.C.M.A. contributions (457)

New for 2012:

DD - Employer Health Insurance Cost.

Does not get used on your tax return - for employer reporting only.

BOX # 14: Employee information is given here. Follow IRS instructions concerning use of these deductions. See your final pay stub for year end totals if needed.

BOX # 16: Total to be reported on State Tax return. It is your gross wages minus Cafeteria Plan, T.S.A. and I.C.M.A. This figure is higher than Box #1 for the members of a contributory retirement system.

GLOSSARY OF TERMS:

CAFETERIA PLAN: This is a permanent tax break, or payroll reduction program, where, if an employee chooses, federal, state and medicare taxes are not paid on health and dental insurance premiums and flexible spending accounts deducted from an employee's pay. Over 99% of employees with insurance from the Town are in the Cafeteria Plan.

I.C.M.A.: International City Managers Association Retirement Corporation available to all active employees, including school. This is a deferred income program, exempt from federal and state taxes; taxes will be paid when deferral program is redeemed. Contributions are mandatory for those who are not a member of the Town's or Teacher's contributory retirement systems. Everyone is eligible to make voluntary contributions in addition to their mandated retirement contributions.

T.S.A.: Tax Sheltered Annuity available to school employees. This is a deferred income program, exempt from federal and state taxes.